

Sec. 14. STUDENT LOAN SECONDARY MARKET INVESTIGATION REPORT.

1. The attorney general shall submit the findings and recommendations resulting from the investigation of the student loan secondary market and the Iowa student loan liquidity corporation to the general assembly by January 15, 2009.

2. The attorney general shall present the findings and recommendations resulting from the investigation of the student loan secondary market and the Iowa student loan liquidity corporation to the legislative government oversight committee at the committee's October 2008 meeting.

Sec. 15. EFFECTIVE DATE. The sections of this Act enacting sections 261E.3, 261E.5, 261E.6, and 261E.7, take effect January 31, 2009.

Approved May 5, 2008

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## CHAPTER 1133

### ENERGY EFFICIENCY STANDARDS, PRACTICES, AND REPORTING

S.F. 2386

**AN ACT** relating to energy efficiency by establishing a commission on energy efficiency standards and practices, providing for the reporting of energy efficiency results and savings by gas and electric public utilities, specifying procedures for assessing potential energy and capacity savings and developing energy efficiency goals by gas and electric utilities not subject to rate regulation, providing for the establishment or participation in a program to track, record, or verify the trading of credits for electricity generated from specified sources, and providing for the establishment of an interim study committee to conduct an examination of energy efficiency plans and programs with an emphasis on the demand or customer perspective, and providing an effective date.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. NEW SECTION. 103A.27 COMMISSION ON ENERGY EFFICIENCY STANDARDS AND PRACTICES.

1. A commission on energy efficiency standards and practices is established within the department of public safety. The commission shall be composed of the following members:

- a. The state building code commissioner, or the commissioner's designee.
- b. The director of the office of energy independence, or the director's designee.
- c. A professional engineer licensed pursuant to chapter 542B.
- d. An architect registered pursuant to chapter 544A.
- e. Two individuals recognized in the construction industry as possessing expertise and experience in the construction or renovation of energy-efficient residential and commercial buildings.
- f. A member of a local planning and zoning commission or county board of supervisors.
- g. Three individuals representing gas and electric public utilities within this state, comprised of one individual representing rural electric cooperatives, one individual representing municipal utilities, and one individual representing investor-owned utilities.

h. A local building official whose duties include enforcement of requirements for energy conservation in construction.

i. Two consumers, one of whom owns and occupies a residential building in this state and one of whom owns and occupies a building used in commercial business or manufacturing.

2. The commissioner shall appoint all members to the commission other than those members designated in subsection 1, paragraphs "a" and "b". Appointment of members are<sup>1</sup> subject to the requirements of sections 69.16 and 69.16A. A vacancy on the commission shall be filled for the unexpired portion of the regular term in the same manner as regular appointments are made. Members appointed by the commissioner shall be reimbursed for actual and necessary expenses incurred in performance of their duties. Such members may also be eligible to receive compensation as provided in section 7E.6. A majority of the members shall constitute a quorum.

3. Duties of the commission shall include but are not limited to the following:

a. Evaluate energy efficiency standards applicable to existing or newly constructed residential, commercial, and industrial buildings and vertical infrastructure at the state and local level and make suggestions for their improvement and enforcement. The evaluation of energy efficiency standards shall include but not be limited to a review of the following:

(1) The reduction in energy usage likely to result from the adoption and enforcement of the standards.

(2) The effect of compliance with the standards on indoor air quality.

(3) The relationship of the standards to weatherization programs for existing housing stock and to the availability of affordable housing, including rental units.

b. Develop recommendations for new energy efficiency standards, specifications, or guidelines applicable to newly constructed residential, commercial, and industrial buildings and vertical infrastructure.

c. Develop recommendations for the establishment of incentives for energy efficiency construction projects which exceed currently applicable state and local building codes.

d. Develop recommendations for adoption of a statewide energy efficiency building labeling or rating system for residential, commercial, and industrial buildings and complexes.

e. Obtain input from individuals, groups, associations, and agencies in carrying out the duties specified in paragraphs "a" through "d", including but not limited to the Iowa league of cities regarding local building code adoption and enforcement in both large and small communities, the Iowa landlord association, the department of transportation, the department of public health, the division of community action agencies of the department of human rights regarding low-income residential customers, and obtain additional input from any other source that the commission determines appropriate.

4. The commission shall be formed for the two-year period beginning July 1, 2008, and ending June 30, 2010, and shall submit a report to the governor and the general assembly by January 1, 2011, regarding its activities and recommendations. Administrative support shall be furnished by the department of public safety, with the assistance of the office of energy independence and the department of natural resources.

Sec. 2. Section 476.1A, subsection 7, Code 2007, is amended to read as follows:

7. Filing energy efficiency plans and energy efficiency results with the board. The energy efficiency plans as a whole shall be cost-effective. The board may permit these utilities to file joint plans. The board shall periodically report the energy efficiency results including energy savings of each of these utilities to the general assembly.

Sec. 3. Section 476.1B, subsection 1, paragraph 1, Code 2007, is amended to read as follows:

1. Filing energy efficiency plans and energy efficiency results with the board. The energy efficiency plans as a whole shall be cost-effective. The board may permit these utilities to file joint plans. The board shall periodically report the energy efficiency results including energy savings of each of these utilities to the general assembly.

<sup>1</sup> According to enrolled Act; the word "is" probably intended

Sec. 4. Section 476.6, subsection 16, paragraph b, Code Supplement 2007, is amended to read as follows:

b. A gas and electric utility required to be rate-regulated under this chapter shall assess potential energy and capacity savings available from actual and projected customer usage by applying commercially available technology and improved operating practices to energy-using equipment and buildings. The utility shall submit the assessment to the board. Upon receipt of the assessment, the board shall consult with the department of natural resources to develop specific capacity and energy savings performance standards for each utility. The utility shall submit an energy efficiency plan which shall include economically achievable programs designed to attain these energy and capacity performance standards. The board shall periodically report the energy efficiency results including energy savings of each utility to the general assembly.

Sec. 5. Section 476.6, subsection 16, Code Supplement 2007, is amended by adding the following new paragraphs:

NEW PARAGRAPH. bb. (1) Gas and electric utilities that are not required to be rate-regulated under this chapter shall assess maximum potential energy and capacity savings available from actual and projected customer usage through cost-effective energy efficiency measures and programs, taking into consideration the utility service area's historic energy load, projected demand, customer base, and other relevant factors. Each utility shall establish an energy efficiency goal based upon this assessment of potential and shall establish cost-effective energy efficiency programs designed to meet the energy efficiency goal. Separate goals may be established for various customer groupings.

(2) Energy efficiency programs shall include efficiency improvements to a utility infrastructure and system and activities conducted by a utility intended to enable or encourage customers to increase the amount of heat, light, cooling, motive power, or other forms of work performed per unit of energy used. In the case of a municipal utility, for purposes of this paragraph, other utilities and departments of the municipal utility shall be considered customers to the same extent that such utilities and departments would be considered customers if served by an electric or gas utility that is not a municipal utility. Energy efficiency programs include activities which lessen the amount of heating, cooling, or other forms of work which must be performed, including but not limited to energy studies or audits, general information, financial assistance, direct rebates to customers or vendors of energy-efficient products, research projects, direct installation by the utility of energy-efficient equipment, direct and indirect load control, time-of-use rates, tree planting programs, educational programs, and hot water insulation distribution programs.

(3) Each utility shall commence the process of determining its cost-effective energy efficiency goal on or before July 1, 2008, shall provide a progress report to the board on or before January 1, 2009, and complete the process and submit a final report to the board on or before January 1, 2010. The report shall include the utility's cost-effective energy efficiency goal, and for each measure utilized by the utility in meeting the goal, the measure's description, projected costs, and the analysis of its cost-effectiveness. Each utility or group of utilities shall evaluate cost-effectiveness using the cost-effectiveness tests in accordance with section 476.6, subsection 14. Individual utilities or groups of utilities may collaborate in conducting the studies required hereunder and may file a joint report or reports with the board. However, the board may require individual information from any utility, even if it participates in a joint report.

(4) On January 1 of each even-numbered year, commencing January 1, 2012, gas and electric utilities that are not required to be rate-regulated shall file a report with the board identifying their progress in meeting the energy efficiency goal and any updates or amendments to their energy efficiency plans and goals. Filings made pursuant to this paragraph "bb" shall be deemed to meet the filing requirements of section 476.1A, subsection 7, and section 476.1B, subsection 1, paragraph "l".

NEW PARAGRAPH. bbb. (1) The board shall evaluate the reports required to be filed pur-

suant to paragraph “b” by gas and electric utilities required to be rate-regulated, and shall submit a report summarizing the evaluation to the general assembly on or before January 1, 2009.

(2) The board shall evaluate the reports required to be filed pursuant to paragraph “bb” by gas and electric utilities that are not required to be rate-regulated, and shall submit a report summarizing the evaluation to the general assembly on or before January 1, 2011.

(3) The reports submitted by the board to the general assembly pursuant to this paragraph “bbb” shall include the goals established by each of the utilities. The reports shall also include the projected costs of achieving the goals, potential rate impacts, and a description of the programs offered and proposed by each utility or group of utilities, and may take into account differences in system characteristics, including but not limited to sales to various customer classes, age of facilities of new large customers, and heating fuel type. The reports may contain recommendations concerning the achievability of certain intermediate and long-term energy efficiency goals based upon the results of the assessments submitted by the utilities.

Sec. 6. NEW SECTION. 476.44A TRADING OF CREDITS.

The board may establish or participate in a program to track, record, and verify the trading of credits for<sup>2</sup> electricity generated from alternative energy production facilities or renewable energy sources among electric generators, utilities, and other interested entities, within this state and with similar entities in other states.

Sec. 7. RENEWABLE ENERGY GENERATION — COST-EFFECTIVE POTENTIAL STUDY. The Iowa utility association, in consultation with the Iowa association of electric cooperatives and the Iowa association of municipal utilities, shall conduct a technical study of the potential for achieving or engaging in renewable energy generation on a cost-effective basis by 2025. The study shall be transmitted to the office of energy independence by December 1, 2008, to be submitted with the energy independence plan required to be submitted by the office to the governor and the general assembly by December 14, 2008.

Sec. 8. ENERGY EFFICIENCY INTERIM STUDY COMMITTEE — CONSUMER FOCUS — REQUEST TO ESTABLISH. The legislative council is requested to establish an interim study committee to examine the existence and effectiveness of energy efficiency plans and programs implemented by gas and electric public utilities, with an emphasis on results achieved by current plans and programs from the demand, or customer, perspective, and to make recommendations for additional requirements applicable to energy efficiency plans and programs that would improve such results. In conducting the study and developing recommendations, the committee shall consider testimony from the Iowa utilities board, rate and nonrate-regulated gas and electric utilities, the consumer advocate, state agencies involved with energy efficiency program administration, environmental groups and associations, and consumers. The committee shall be composed of ten members, representing both political parties and both houses of the general assembly. Five members shall be members of the senate, three of whom shall be appointed by the majority leader of the senate and two of whom shall be appointed by the minority leader of the senate. The other five members shall be members of the house of representatives, three of whom shall be appointed by the speaker of the house of representatives, and two of whom shall be appointed by the minority leader of the house of representatives. The committee shall issue a report of its recommendations to the general assembly by January 15, 2009.

Sec. 9. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 6, 2008

<sup>2</sup> See chapter 1191, §129 herein

**CHAPTER 1134****SCHOOL INFRASTRUCTURE FUNDING AND TAXATION***H.F. 2663*

**AN ACT** relating to the repeal of the local option sales and services tax for school infrastructure purposes by using the revenues from the increase in the state sales and use taxes for replacing lost school district revenues resulting from the repeal, providing property tax relief, providing for the reduction in the state sales and use tax, providing a penalty, and including an effective date provision.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 257.4, subsection 1, paragraph b, Code 2007, is amended to read as follows:

b. For the budget year beginning July 1, 2006 2008, and succeeding budget years, the department of management shall annually determine an adjusted additional property tax levy and a statewide maximum adjusted additional property tax levy rate, not to exceed the statewide average additional property tax levy rate, calculated by dividing the total adjusted additional property tax levy dollars statewide by the statewide total net taxable valuation. For purposes of this paragraph, the adjusted additional property tax levy shall be that portion of the additional property tax levy corresponding to the state cost per pupil multiplied by a school district's weighted enrollment, and then multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1. The district shall receive adjusted additional property tax levy aid in an amount equal to the difference between the adjusted additional property tax levy rate and the statewide maximum adjusted additional property tax levy rate, as applied per thousand dollars of assessed valuation on all taxable property in the district. The statewide maximum adjusted additional property tax levy rate shall be annually determined by the department taking into account amounts allocated pursuant to section 257.15, subsection 4. The statewide maximum adjusted additional property tax levy rate shall be annually determined by the department taking into account amounts allocated pursuant to section 257.15, subsection 4, and the balance of the property tax equity and relief fund created in section 257.16A at the end of the calendar year.

Sec. 2. Section 257.15, subsection 4, Code 2007, is amended to read as follows:

4. a. ALLOCATIONS FOR MAXIMUM ADJUSTED ADDITIONAL PROPERTY TAX LEVY RATE CALCULATION AND ADJUSTED ADDITIONAL PROPERTY TAX LEVY AID. The department of management shall allocate from amounts appropriated pursuant to section 257.16, subsection 1, and from funds appropriated from the property tax equity and relief fund created in section 257.16A for the purpose of calculating the statewide maximum adjusted additional property tax levy rate and providing adjusted additional property tax levy aid as provided in section 257.4, subsection 1, paragraph "b", an amount not to exceed the following equal to the sum of subparagraphs (1) and (2) as follows:

(1) From the amount appropriated from the general fund of the state pursuant to section 257.16, subsection 1, equal to the following:

- a. (a) For the budget year beginning July 1, 2006, six million dollars.
- b. (b) For the budget year beginning July 1, 2007, twelve million dollars.
- c. (c) For the budget year beginning July 1, 2008, eighteen million dollars.
- d. (d) For the budget year beginning July 1, 2009, and succeeding budget years, twenty-four million dollars.

(2) From the amount appropriated from the property tax equity and relief fund created in section 257.16A.

b. After lowering all school district additional property tax levy rates to the statewide maximum adjusted additional property tax levy rate under paragraph "a", the department of man-